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AUTHOR Banach, William J.; Lorenzo, Albert L.
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ABSTRACT

Intended for use by individuals or groups in initiating strategic thinking and planning, this document provides national data on 21 dimensions of the environmental scanning process grouped into nine categories and presents a model of strategic planning. Following a brief introduction describing the importance of environmental factors in planning, data from the 1990 Census are described for the following areas: (1) demographics, including the aging of society, increasing racial diversity, and the shifting of the U.S. population center towards the southwest; (2) economics, highlighting the transition from industry to other sectors, disparity between workplace needs and worker qualifications, and polarization of wealth; (3) the political climate; (4) social values and lifestyles, reviewing trends related to at-risk youth, changing families and households, individual insulation from society, and increasing customer demands in an expanded marketplace; (5) the technology/information explosion; (6) the privatization of education; (7) paradoxical public responses to social problems; (8) changes in organizations such as the movement from homogeneity and mass production, increasing female influence, and greater awareness of our limits; and (9) increasing globalization. Finally, a model for strategic guidance is described, discussing predictable shifts in organizational context in the next few years (e.g., increasing dominance of external factors and an emphasis on quality), advocating a shift from product to process orientation, and presenting eight enhancements to traditional environmental scanning (e.g., developing an understanding of organizational relationship to the larger society and monitoring employee attitudes and public opinion). (KP)

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Toward a New Model for Thinking and Planning

The Emerging Context for Life in America

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The Emerging Context for Life in America

Toward a New Model for Thinking and Planning

William J. Banach & Albert L. Lorenzo

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Foreword

The context for life itself is being dramatically altered as we move from a period of rapid change to one of radical change.

The radical changes we are experiencing and the resultant context which is emerging are both being driven by major demographic shifts, a developing global economy, new coalitions and alliances, and unprecedented numbers of advances and discoveries.

The very nature of this radical change dictates new strategies. In the past, we kept up with the accelerating pace of rapid change by running faster or working harder. But these strategies don't always work in a period of radical change. That's because radical change is less linear, more abrupt, and more complex. It's generating new rules. Sometimes, in fact, it's altering the "game" beyond recognition and moving it to a new arena.

As the characteristics of the emerging context become clear and its dimensions become focused, we will see new challenges and opportunities along with new definitions of quality and greatness.

Capitalizing on the opportunities presented by the emerging context dictates that we engage in reasoned dialogue with others. And, our thinking should be forcing us toward a new model for planning.

Indeed, our ability to understand the emerging context and the quality of our response to it will most certainly determine the nature of our society and the caliber of our future.

To "jump start" your strategic thinking and planning, we've selected a quick, hard-hitting format for our publication. Our intent was to produce a document which individuals or entire groups could use as a launch pad for their journey toward the future.

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THE EMERGING CONTEXT: IMPLICATIONS FOR *YOU*

The 1790 census placed the U.S. population center just outside Boston. It has been moving in a southwesterly direction ever since.

In 1950, the population center was near Chicago. And today it's about 85 miles south of St. Louis.

While some people might be tempted to respond to this data by asking "So?," demographic phenomena such as this have myriad implications, regardless of one's personal or vocational pursuits.

Population movement could indicate, for example, that:

- school enrollments might drop in the northeast as they increase in the southwest;
- people could move southwesterly faster than infrastructure capacity;
- the roots of Americans might be less deep the farther one travels in the direction of San Diego;
- birth rates could drop in direct relation to the number of Americans "on the move"; and,
- the return of the nuclear family might be possible in the southwest before it is in the northeast.

The list of implications related to the movement of the population center probably has few limits. And that's one reason we wrote *The Emerging Context for Life in America*—to help people think about the implications of change and the opportunities it brings.

We believe each dimension of *The Emerging Context* has myriad implications. And, when one dimension is viewed from the perspective of another, the implications seem to increase geometrically.

The implication puzzle easily exceeds the limits of our experience and tested solutions when it is viewed through the lenses of different organizations and institutions.

By design, it was not our purpose to propose "answers" to questions raised by various dimensions of *The Emerging Context*. We believe creative gridlock often results when answers precede informed dialogue.

We also believe that solutions to problems and resolutions of issues—answers—are both situational and personal. Given this belief, one dimension of *The Emerging Context* can easily have different implications. Businesses or colleges or governments in the northeast might be forced to respond to the population shift by down-sizing. Businesses or colleges or governments in the southwest may have exactly the opposite problem as they scramble to accommodate growth. In other words, what works for us might not work for you . . . and vice versa.

Change Comes From The Questions We Ask

In a period of radical change it's impossible to have all the answers. But that shouldn't limit the questions we need to be asking.

Questions are the building blocks of strategic thinking. They lead to dialogue and debate. Dialogue and debate, in turn, lead to insights. And insights lead us to the positive change which creates better tomorrows.

While it may appear flip, the key starter questions are "So?" and "Why?" Insights ultimately flow from the questions these simple inquiries initiate.

Here's an example: *The Emerging Context* implies that there will not be enough adolescents in America to sustain the current community college system in the year 2001. Asking "So?" and "Why?" prime the question pump: Will we have to cut back . . . or close? Have we over-built? Should we develop new markets for our services? Should we develop new services for existing markets . . . for new markets? Why didn't we see this coming?

Strategic thinking doesn't occur unless people ask questions.

And effective strategic plans can't be developed without strategic thinking.

We invite you to begin your journey toward the future by asking questions as you read *The Emerging Context*. That's the first step in gaining insight, testing established assumptions, or tweaking curiosity . . . and finding solutions.

Issue-Oriented Thinking and Planning

This document presents twenty-one dimensions of the emerging context, and a new model for organizational planning.

Because strategic planning is becoming more issues oriented, we have placed the twenty-one dimensions into the nine topical categories of our Future Scan (or environmental scanning) process. This provides an organizational frame for the emerging context and positions its dimensions in a tested issues management system.

Here are the Future Scan categories and some of the current dimensions:

1. **Demographics**—vital human statistics
   Aging of Society
   The Mosaic Society
   Population Shifts

2. **Economics**—the workplace, the workforce and the exchange of value
   Economic Transition
   Workforce Transformation
   Polarization of Wealth

3. **Political Climate**—the governing context in which people and organizations pursue their objectives
   Political Reflections

4. **Social Values and Lifestyles**—the beliefs and behaviors of people
   - *Endangered Youth*
   - *Families and Households*
   - *Home Base*
   - *Individual Insulation*
   - *The Pampered Consumer*

5. **Advances and Discoveries**—machines, processes and techniques which enhance or replace the human element
   - *Technology/Information Explosion*

6. **Education**—society's efforts to produce an enlightened citizenry
   - *Privatization*

7. **Public Opinion**—commonly held perceptions and understandings
   - *Public Opinion Paradox*

8. **Organizational Contexts**—how people organize to relate, share, achieve and compete
   - *De-massification*
   - *Female Forces*
   - *Greater Limits*
   - *Organizational Faddism*
   - *Looking for Leaders*

9. **World Affairs**—interactions of groups and nations which affect the marketplace or political climate
   - *Globalization*

Demographics: *Aging of Society*

The age of everything is up, from the employees in the workforce to the students attending our colleges.

In 1900 average life expectancy was 47 years; in 2000 it will be 80. In 1900 there were 13,000 people age 85 or older; in 2000 there will be over five million. In 1900 there were 200 people age 100; in 2000 there will be 168,000.

The average age in America was 34 in the 1980 census; 35.2 years in the 1990 census.

While Americans over 50 years of age now make up more than a quarter of the population, they account for more than three-quarters of the nation's wealth and almost half of its discretionary spending.

Many new retirees will draw pensions longer than they drew paychecks. Many will still be receiving social security payments as the ratio of workers to retirees approaches 1:1.

Watch for a self-centeredness to emerge while support for quality of life initiatives diminishes. Watch for some aging citizens to extend their careers as others focus on retirement and exiting life. And, watch for the elder electorate to actively pursue a new array of political agendas as their focus shifts to health and wealth preservation, safety and security, and new recreational pursuits.

Related Indicators

- Average life expectancy is 71.5 years for males; 78.3 years for females. The gap is closing.
- By the year 2000 nearly 40 million Americans will be 65 or older.
- The American Association of Retired Persons (AARP) is now the largest membership association in the U.S. Membership increased by five million from 1989–1992 to a total of 32 million.
- Today's retirees own most of the free-and-clear homes in the United States and only one person in ten ages 60–72 is poor.
- The U.S. government spends five times as much money on Americans over age 65 than it does on children under age 18 (even though the over-65 population is half the size of the under-18 population).

Demographics: *The Mosaic Society*

The 1990 census indicates that the Asian population grew 108% (to 7.3 million), the Hispanic population by 53% (to 22.4 million), and the black population by 13% (to 30 million). The U.S. white population increased six percent (to 177 million) during the decade.

All aspects of American society are beginning to reflect immigrant-influenced population growth. Over time, majorities will diminish as minorities flourish. The workplace will become multicultural, and there will be similar changes in our communities, our schools...and our thinking.

A more heterogeneous society will create new market opportunities while generating correspondingly diverse social causes and special interests. It will also influence socio-economic distinctions and political systems.

The changing society will lead to new definitions of diversity and multiple perspectives. Value systems as divergent as the population itself will emerge and be tested. And, as our mosaic society begins to define itself and adjust to its new character, it will simultaneously produce new opportunities, challenges and tensions.

Related Indicators

- By the year 2000, one-third of Americans will be minorities. Twenty-two million youth—more than 34 percent of all youth—will be minority.
- Just nine percent of new workers during the 1990s will be non-Hispanic white males. Thirty-five percent will be white women, 29% Hispanic, 16% black, and 11% Asian.
- By the year 2000 there will be 30 million Hispanics in the U.S. In 2015, numbering 40 million, Hispanics will be the nation's largest minority. The Hispanic birth rate is now twice the U.S. average.
- The poor and under-educated, regardless of ethnicity, are bearing children at nearly twice the rate of those who are educated or reasonably well-off.
- Immigration quotas have been raised to admit more skilled and educated workers into the U.S.

Demographics: *Population Shifts*

As indicated earlier, the U.S. population center is now about 85 miles south of St. Louis. It continues to move in a southwesterly direction, something unchanged since the first census in 1790.

Changes in the population are marked not only by numbers gained and lost or by the direction of movement, but by ethnic diversity and other demographic factors which will realign infrastructure needs and dictate societal change. Legislative clout, for example, is shifting to areas where the demographics are characterized by growing ethnic diversity.

Demographers believe that more than half the world's population will live in urban centers by the year 2000. Half of all Americans now live in one of 39 metropolitan areas which have million-plus populations. People are migrating from small cities and rural areas to these population centers. One result is that our dependence on core cities is shifting to a number of satellite or "edge" cities which are geographically related to the core city but not dependent on it.

Growth seems to be less urban and more metropolitan as concerns related to race, crime, and educational opportunities drive people from the urban core.

Related Indicators

- People age 65 and older make up more than ten percent of the population in forty states. Florida has the largest percentage (18%), followed by Pennsylvania and Iowa (15% each).
- Since the last census, the largest population growth occurred in Florida (up 31.1%), California (up 23.7%), and Texas (up 18.2%). In fact, one-quarter of the U.S. population now resides in these three states!
- Because single person households are the fastest growing type of household in America, household growth is outracing population growth in most major metropolitan regions.

Economics: *Economic Transition*

America's economy is no longer driven totally by industrial might. But neither is its gross national product generated entirely by service workers, information workers or those in pursuit of high technology, biogenetics and other developments.

Today the realities of competition are being redefined. And we are discovering that improved productivity, by itself, doesn't necessarily generate competitive advantage. Advantage comes from our capacity to produce and deliver customized quality and variety in a convenient, timely, and affordable fashion. This economic transition requires highly educated front line workers.

In the transition, skilled workers will be seen as organizational capital. This will lead to more training, education, incentives and personal security for those workers who have skills and education. The future will be unkind to those who believe the strategy can be high wage, low skill.

In a competitive arena characterized by global wealth and equal access to technologies, successful economies will be marked by the ability of their workforce to meet world-class standards.

Related Indicators

- Temporary, part-time contingency workers now make up one-fourth of the U.S. workforce.
- In constant dollars, male high school graduates ages 20–24 are earning 25 percent less than their counterparts earned 15 years ago.
- Americans are not committed to life-long learning and appear to believe that only a small percentage of people need continuing education. (Annually, three hundred billion dollars is spent educating people ages 6–21 in the U.S. while $30 billion is spent educating people 22-65. Over 70 percent of the $30 billion is spent on people who already have college degrees.)
- Japanese and German business and political leaders have identified the focal industries for the balance of this decade and into the next century. They are all "brain power" industries—microelectronics, biotechnology, civilian aviation, ceramics/composites, robots and machine tools, and computers and software.
- German law requires companies to spend at least three and one-half percent of payroll on training. In Sweden the requirement is two and one-half percent. Most advanced countries have some such requirement; the U.S. does not.
- MIT Nobel Laureate Robert Solow reports that the first priority on virtually every economist's list is to step up investment—in education and training, in research and development, in plant and equipment, and in infrastructure such as highways and airports.

Economics: *Workforce Transformation*

There is a disparity between workplace needs and workforce qualifications. It will result in differences between the jobs workers want and the jobs they can have.

The specialized knowledge possessed by some workers will make it harder to recruit, retain and replace them. They will be considered a valuable business asset, and employers will attend more to their personal needs and wants. Those lacking specialized knowledge will be locked out of the "meaningful" job market.

Knowledge-based processes will allow work to be performed in unconventional places at unconventional times. For example, the operant vocabulary of high technology CEOs is sprinkled with references to networking, global communication, and electronic highways for the transmission of information. The World Future Society predicts a workplace with "electronic immigrants," people who telecommute to work from other countries.

The watchword for the educational haves will be "workplace-flex," including job variety, individualized hours (to accommodate family and other personal needs), liberal vacation schedules and work at home. Educational have-nots, in contrast, will not have jobs characterized by these workplace attributes. Some will receive training designed to de-skill them. Most will be employed at the whim of the marketplace.

Related Indicators

- As the service sector grows by 26 million new jobs during the period 1985–2000, the number of manufacturing jobs will decline 19.5 million.
- Eleven million people lost their jobs during the 1980s. Seven million people now owe their jobs to exports, double the number in the last decade.
- Over the past two decades employee satisfaction is down for every major aspect of a job—salary, benefits, hours worked, colleagues, promotion opportunities, personal satisfaction and the social importance of their work.
- Over half (51%) of U.S. women who are ages 18–44 and who have infants under one year of age are in the labor force.
- Thirty million people in the U.S. now work at home at least eight hours per week.
- A Hudson Institute study reported by child advocate Sylvia Ann Hewlett indicates that ". . . jobs created in the 1990s will require almost a year's more education than jobs generated in the mid-1980s."

Economics: *Polarization of Wealth*

The gap between the richest and the poorest is now the greatest it's been since the government started keeping records. The gap will be widened further by those who capitalize on information age opportunities by pursuing education and committing to life-long learning.

One result of the education-driven wage gap will be a redistribution of the population marked by growing numbers of affluents, a declining middle class, and a burgeoning new poor.

Simultaneously, this polarization will lead to advocacy for social programs and concerns about the affordability of the new poor. At the same time, there will be an increase in demands for both premium and economical products and services.

Current data suggest that for every American moving up the income scale, two are losing ground. This is cause for concern because the lesson of history is that societies accommodate large scale economic inequities in one of two ways: by legislative action which redistributes wealth; or, by adjustments which are the result of civil unrest (which redistributes poverty).

As the size of the less affluent group increases, its members will become aware of and use their political clout. There will be pressure to shift the economic gains of the haves to the benefit of the have-nots. Failure to produce results may shift resolution of the issue from the political arena to the streets.

Related Indicators

- The Gini Index, a Census Bureau measure of inequality, was .481 for households and .401 for families at the beginning of the 1990s. (Zero is perfect equality; 1 is perfect inequality.)
- America's richest one percent have more income than the nation's poorest 40 percent; i.e., the richest 2.5 million people control 13.5 percent of all income while the poorest 100 million people control 12.7 percent of income.
- The top ten percent of families now hold 86% of the net financial assets held by families. The bottom 55% of families have zero or negative financial assets.
- From 1973-1990 two-thirds of America's non-supervisory workers saw their wage rate drop 12% in hourly terms and 18% in weekly terms.
- More than 32 million people (about 13 percent of the population) are below the poverty line.

Political Climate: *Political Reflections*

A generation ago people entered the political arena with a vision or dream. They presented programs such as the Great Society or The War on Poverty in their campaigns and counted on such dreams to inspire the electorate. It was a tenet of American politics that true leaders engendered the support of the most people because they had the best causes.

Today the first step in campaigning is not to develop a dream but to hire a pollster. Such specialists are employed to discover what the public is thinking, feeling and believing. Then an agenda is crafted to address what is on the collective mind of the populace. Hence, those who win elections today are more often followers of the public agenda than leaders of people. They are more focused on getting elected than moving society forward.

One result of this reversal in political strategy is that individuals and organizations that want political support must first build a public constituency. Hence the means to influence the political agenda is to become less personal and more public. When public support is mustered, political support tends to follow because few of today's politicians dare to challenge the public will and no politician wants an angry constituency.

For example, references to "mortgaging the future" or "burdening our children with debt" have reached cliche status. The national debt is a reality. Yet we wince at giving more than lip service to this very real problem . . . and others of great magnitude (e.g., the environment, social security, health care, leveraged real estate, ethics, and failures in the banking and insurance industries.) We are untroubled that our auto companies are continuing to struggle and that our airplane-related industries (manufacturing and commercial aviation in particular) are headed into severe turbulence. And, we seem only casually concerned with the balance of trade deficit and problems as life-threatening as AIDS.

Be assured that the time to pay back is coming . . . and that the price will escalate in direct proportion to the time it takes to admit to the problem.

Related Indicators

- The 1992 presidential campaign was marked by unprecedented polling of public opinion.
- For the first time in decades, the 1992 presidential election produced a viable third-party candidate in the person of H. Ross Perot.
- "It's the economy . . . stupid!" was the strategic slogan used to remind workers of the foundation for Clinton's quest for the presidency.
- Despite all the rhetoric about the absurdity of our national debt, it continues to grow at the rate of $13,000 per second.

Social Values and Lifestyles: *Endangered Youth*

"What's the matter with kids today?" is a perennial question. And the perennial answer seemed to be, "Don't worry. Some day they'll grow out of it."

But they may not grow out of "it" because many of the challenges facing today's youth are different.

One of the historical dictates of the American culture is that every family unit should do what ever needs doing to make sure children have a head start on doing better than their parents.

But the historically present supportive mechanisms of family are dissipating. Working father, stay-at-home mother and two or more children describes just six percent of America's families today. There are over ten million single parent families—up more than 40 percent since the last census. There are even growing numbers of no-parent families. For too many children the "safety net" of family has been replaced by a safety net of teachers and vice-principals.

Caught in the turbulence of a fast-paced society, non-supportive or non-existent families, and new agendas which accompany the aging of society, today's youngsters need help.

The more our children are at risk, the more our future social structure is endangered. Waiting for young people "to grow out of it" or leaving them unsupported in turbulent times are incorrect strategies during a period of radical change.

Related Indicators

- Over 900 drug addicted babies are born in the U.S. every day. According to demographer Harold Hodgkinson, getting these children ready for kindergarten will cost ". . . around $40,000 each—about the same as for children with fetal alcohol syndrome."
- One-quarter of America's preschool children have experienced poverty. About 25 percent of preschoolers are not fully immunized. Of the 37 million Americans who don't have health insurance, one-third are children.
- One million teenagers drop out of high school every year. In some urban areas the dropout rate exceeds fifty percent.
- Eighty percent of all crimes are committed by people ages 15–29.
- Fourteen percent of all violent crimes are committed by juveniles ages 9–16.
- Homicide by firearms is the leading cause of death among 15- to 19-year old black youths (and the third leading cause of death for white youths).
- During the average day, 2,000 students drop out of school. They are 3.5 times more likely to be arrested and six times more likely to become unmarried parents than those who graduate from high school.

Social Values and Lifestyles: *Families and Households*

The changing nature of family has altered household composition and dramatically diversified the needs, wants and behaviors of household members.

There are more people living alone, more unmarried people living together, more single parent households and more blended families. One-third of all Americans are now "step-somethings" (step-mother, step-father, etc.).

Over their lifetimes more people will experience more family situations, including growing up in multiple-, single- and step-parent environments, living alone, cohabiting, marrying, parenting, divorcing, remarrying, raising a second set of children, and surviving a spouse.

The range of possibilities outlined above forewarns of tremendous stresses on our human service organizations. In fact, it's easy to suggest that accommodating the possibilities will be beyond the capacity of our schools, our churches, our health departments, our child welfare agencies and our courts.

The diversification of family will test established values and generate a variety of emotional and behavioral responses. At the same time, this diversity will fuel markets for products and services which fill voids created by family and household changes.

Related Indicators

- More than one of every four U.S. households is a single person household.
- The odds of a first marriage lasting four years are 50:50. About three-quarters of divorced people remarry, half within three years.
- More than half of the nation's young adults (ages 18–24) now live at home and the number of boomerangs (children in their late twenties who return home after a time away) is increasing.
- The average worker now works six more hours per week than in 1973. One result, according to economist Victor Fuch, is that children and parents have less time together.
- Working parents constitute about 37% of the workforce, and about 17% have preschoolers needing child care. The need will intensify during the 1990s because three-fourths of working women are in their child-bearing years, most will get pregnant, and most will return to work before their child's first birthday.

Social Values and Lifestyles: *Home Base*

The home is becoming a command center for life in America. The tendency toward home base and "cocooning" is being driven by societal concerns related to safety and security, a renewed focus on family, the aging of the population, and new technology which makes the cocoon particularly comfortable.

The home will provide even more personal options with the installation of digitized audio and video, high definition television, and interactive technologies. As the internal operating systems of these "smart homes" become linked to the outside, their owners will find themselves in the center of a work, consumer, educational and recreational cloverleaf.

Smart homes will change our work, our social and business-related interactions, and our priorities. They will enhance the personal capacity of those who live in them. And, children who live and learn in smart homes will widen the educational readiness gap.

The occupants of smart homes will also change our places of business as they force the evaluation of all types of delivery systems. In addition, they will spur the development and installation of more technologies to aid the interface between home base and the world outside. Already forecasters predict that home security will be a growth industry for the balance of the 1990s.

Related Indicators

- Polls show increased fear of crime, more concern for personal security and a reorientation toward family.
- Advances in communication technology allow remote access to a host of data bases, from news services to stock reports to shopping.
- The number of people working at home is increasing dramatically. Estimates are it will include 20 percent of the workforce by the year 2000.
- There is more of an "interface" capability in the modern home. Fax machines, smart phones and other communication technologies allow people to go places electronically. (Of course, answering machines and "caller I.D." telephone features enable people who live in smart homes to shut down the interface and stay put.)

Social Values and Lifestyles: *Individual Insulation*

In the 1960s and 1970s transactional analyses helped us conclude "I'm okay, you're okay." Today, more people believe that they are okay . . . but they aren't as optimistic about the lot of others. Further, individuals are developing an intolerance for causes and conditions which they believe they can't influence.

People are tuning out, taking some comfort in the belief that they are okay even though other people and things aren't. As they exit reality, more people are justifying their escape by proclaiming that they are victims . . . of management, of politicians, of the system. Everything, it sometimes seems, can or should be blamed on someone or something else.

The tendency of individuals to isolate themselves from the mainstream may be driven by the desire for control. There is comfort in that which we control, yet radical change seems to have removed much of an individual's control.

In an attempt to pull out of a tailspin, people focus first on matters of self. Yet, self-centeredness is hardly the kind of mind-set needed to address the greater good. An extension of systems theory tells us that, over time, one person cannot significantly exceed the condition of the whole.

If our social system depends on people creating positive change together, then isolating oneself will not produce sustained advantage for individuals or the society they compose.

Related Indicators

- Interviews with college students reveal that most are optimistic about their future but pessimistic about the country's future.
- About 60% of Americans lead sedentary lives. Americans now spend 90% of their time indoors, whether at home, at work, or in closed spaces during travel. Work (which is increasingly sedentary) and television are the big consumers of indoor time.
- Respondents to a Gallup survey indicated social pessimism, saying society's future will worsen in terms of inflation (74%), crime (71%), poverty (67%), homelessness (62%), pollution (62%), unemployment (59%) and substance abuse (58%).
- Author Charles Sykes (*A Nation of Victims*) says we have become a nation of whiners unwilling to take responsibility for our actions or to accept the vagaries of fate. By declaring victim status, he believes, people become innocent of misdeeds and entitled to special privileges. "We have enshrined the infinite expectation—for psychological gratification, self-actualization, self-realization, and happiness—not as a goal to be won, but as an entitlement."

Social Values and Lifestyles: *The Pampered Consumer*

As the sophisticated baby boom cohort moves through the spending-saving-investing continuum, its members will expect maximum convenience, high quality, good service and low price.

Their access to a vastly expanded marketplace will give them unprecedented options and broader perspectives on the products and services available in the marketplace.

Futurist Faith Popcorn identifies "Cashing Out" as one of the top consumer trends for the decade. "In the 1970s," she writes, "we worked to live. In the 1980s, we lived to work. Now we are asking 'Is this all there is?' We simply want to live—long and well. Cashing Out is trading in the rewards of traditional success for a slower pace and greater quality of life."

And, knowing that they can shop elsewhere for indulgences (and necessities), pampered customers will expect products and services to accommodate their needs while meeting a host of "social tests," ranging from environmental considerations to their own personal safety and welfare. Many will make demands on organizations which are greatly in excess of what organizations can reasonably provide.

Yet, customers will desert organizations which are indifferent to their needs or with whose products and services they are dissatisfied. Accommodating the personal whims of customers will test the capacity and patience of even the most responsive organization. Today customers are always right . . . and they know it.

Related Indicators

- Growing numbers of initiative-passed laws are impacting the political process.
- Between 1986 and 1989, over 30 percent of all media coverage of named corporations was negative.
- Government agencies now track customer satisfaction in a variety of industries, and product/organizational boycotts are proliferating.
- Legal action against organizations has dramatically increased product liability costs.
- A recent Roper poll indicates that 41% of Americans now say leisure is more important than work.

Advances and Discoveries:
Technology / Information Explosion

Advances in parallel processing, software development, microelectronics, photonics and nanotechnology signal the dawn of thinking machines.

Telecommunication of information will increasingly take the form of machine-to-machine communication. And, computers with artificial intelligence will screen and limit information as the amount and speed of data transmission increase.

Architects of massive parallel computers are attempting to move away from sequential thinking, and engineers are beginning to program human experience into software.

Despite the proliferation of opportunity provided by the technology/information explosion, many educators and small business owners lag in their adoption of technology.

Yet, at both the business and personal levels there is a need to capitalize on using what already exists. Most of our technologies are way beyond our capacity to use them. Most people, for example, don't come close to tapping the potential of their VCRs and microwaves, let alone their hand calculators and personal computers.

Not using (or not having the skill to use) the technology we already have is a liability in an environment increasingly characterized by world-class standards. And, as new technologies become ever more esoteric and ultimately begin to refine and reinvent themselves, our quest to balance technological development and practical application will bring new definitions to work, leisure, recreation and life itself.

Related Indicators

- Researchers at the University of Utah have developed the first elements of an electronic eye (and two graduate students have developed a prototype of a silicon chip loaded with electrodes which can be "shot" into the cortex with a pneumatic "gun").
- We are becoming the first species able to influence and shape its own biological future through the use of genetic technology.
- Protein based computer "chips" have potential for reproducing themselves.
- Researchers will soon be able to custom-build single molecules that can store and process information and manipulate or fabricate other molecules, including more of themselves.

Education: *Privatization*

Everything seems to be in place for the collapse of public education in America—at least in the view of private entrepreneurs.

Three key forces fuel the viewpoint: First, funding cutbacks have reduced educational programs to an embarrassing level in some of our states. Second, as businesses struggle to identify new ways of competing in a global economy, blame for the disparities they've discovered between workforce qualifications and workplace needs have been laid at the doorstep of public schools. And, third, the news media's relentless highlighting of education's inadequacies has reinforced negative public perceptions about our nation's schools.

This environment is marked by several characteristics. First, continual bashing of the educational system is stiffening resistance—both internally and externally—to change the existing system. The staff, fearing negative consequences, approaches change with hesitance—if at all. The public, hearing that the system has failed, becomes reluctant to ante up additional tax support. It's this environment that is creating a continuum of opportunity for entrepreneurs. As people search for educational options, they create niche markets as well as forums for the introduction of completely new educational models.

Never strong at anticipating and slow to react to marketplace forces, public schools themselves are helping to produce a target-rich environment for educational entrepreneurs.

For some, the environment has accelerated the introduction of technology. The industries of book publishing, electronics, and computers have combined to provide products which enhance—and often replace—the existing curriculum.

For others, the new, for-profit market niches include test preparation, counseling students, providing legal counsel, and early childhood education.

The far end of the continuum is occupied by advocates of "school choice." They believe schools should compete with one another for students. This competition for students—they say—will kill off bad schools. Carried to its extreme, choice will allow parents to send their child to any school—public, private or parochial—accompanied with a taxpayer funded voucher.

Regardless of one's philosophy, there is ample evidence that education is gradually becoming privatized. And, there are indicators that the shift toward the choice side of the curriculum is continuing. It's being driven by two things uniquely American—the need to be the best and the opportunity to make a buck.

Related Indicators

- *Technology and Learning* editor Holly Brady says computer-driven integrated learning systems have "grown from drill-and-kill systems of the past into packages that include [software] tools, third-party software, and even multimedia." At least one company is now guaranteeing that students who use the integrated learning system will meet performance goals in reading and math.

- *Education Week* reports that "The decade-long struggle to reform American education seems suddenly to hang on a single word: 'choice.'" The educational news magazine is monitoring "the pulse of opinion in this debate" with funding from a major foundation.
- Formal schooling competes poorly with the culture of immediate gratification according to the authors of *Knowledge Revolution*, a publication of the Knowledge Network for All Americans, a private, non-profit corporation advocating the creation of responsible learning cultures.
- There is evidence that the electronic mass media may drive the "competition" for students in a privatized educational environment, despite James Twitchell's *(Carnival Culture: The Trashing of Taste in America)* belief that most electronic mass media are rapidly transforming millions of Americans into relatively ignorant and exploited people.

Public Opinion: *Public Opinion Paradox*

Prevailing public attitudes seem to be in direct contrast to those which are needed by society to solve problems and capitalize on opportunities.

H. L. Mencken said that every problem has a solution which is simple, quick . . . - and wrong. Yet, in a era characterized by mind-numbing complexity, people continue to seek simple, expedient answers.

While most people have the capacity to understand that quick fixes tend to be temporary, they nonetheless continue to propose them as long-range solutions. That we believe there is always a simplistic solution to complex problems is just one paradox of public opinion. There are more.

People tend to believe that the personal benefits they receive should be in direct proportion to the effort they expend, yet they simultaneously demand increasing numbers of entitlements.

People champion freedom yet—at the same time—support legislators who advocate regulations and restrictions which produce societal gridlock.

People force organizations to respond to their right to know while simultaneously demanding that their right to privacy be protected.

Leaders will have to accommodate an increasing number of public opinion paradoxes before this century ends. Their efforts will result in more solutions which find simultaneous favor and disfavor. Their efforts will test their abilities to muster critical masses. And, their futures may be tied to a public for whom eternal gratitude lasts 48 hours.

Related Indicators

- More than three-quarters of Americans want a major effort to improve the quality of the environment (yet less than one-quarter are taking such actions personally).
- Politicians at all levels promise no new taxes (Some even advocate reductions in taxes!) while talking about the need to reduce the nation's debt.
- Business people advocate free market choice in the nation's public schools while simultaneously pushing for import taxes and trade embargoes which they perceive as the only way to save their business.
- Citizens call for the teaching of values in schools, yet polls indicate that the citizenry cannot reach agreement on what values should be taught. (Given a list of 19 values, Americans polled by the Metropolitan Life Insurance Company could not reach 50 percent agreement on the importance of *any* of the values.)

Organizational Contexts: *De-massification*

Society is demassifying. The movement from homogeneity to a more mosaic society is generating mass movement away from mass production, mass markets, and mass communication.

Technology will continue to enhance capacity for creating individual responses. Computer-driven lasers and robots are the enabling tools of production runs which are shorter—even one-of-a-kind. Cable television now provides viewers with diverse choices. And advances in print, audio, and video technology allow for highly targeted communications.

Ironically, while global access to communication technology unites our global society, it simultaneously creates an abundance of options for individuals.

Emerging technologies will further enhance the capacity of organizations and institutions to respond to individual needs and wants. These technologies will simultaneously enable individuals—by themselves—to do many things they want to do when they want to do them.

De-massification will make it increasingly easy for people to "have it their way." But having it your own way makes it increasingly difficult to muster majorities. Perhaps de-massification, like the mosaic nature of our society, will test the concept of 50 percent plus one majority rule.

Related Indicators

- The average American has access to more than 30 television channels.
- As access to the options of cable television have increased, viewership of network programming for the masses has decreased.
- There are more than 25,000 products on a typical supermarket's shelves. Americans can also select from over 11,000 magazines and periodicals, more than 200 kinds of breakfast cereal, and just under 300 brands of cigarettes.
- Marketers increasingly talk about the ideal sales environment—"markets of one"—where communication and products are targeted to a single individual.

Organizational Contexts: *Female Forces*

The information age is more mental than muscular. Its networks and coalitions are more dependent on collaborative skills and team building than they are on the command and control methods which characterized the male-dominated industrial era. Today the management functions that aren't mental are being eliminated.

As this shift to a different form of work continues, new opportunities—in combination with changing lifestyle preferences and economic necessity—are bringing more women into the workforce.

Women are working within the system to shape it to their needs. Many are joining the ranks of management. They have learned the advantages education provides in an economy based on information, service and technology. And, the law of supply and demand as it applies to skilled workers is providing them with new options and flexibility in the pursuit of a meaningful life.

It is clear that women—as consumers, heads of families or as managers—will make or directly influence more decisions during this decade. Life is no longer an either-or choice between work and not working. Rather it is a continuum of options.

To ignore the needs and preferences of women is socially insipid and economically foolish.

Related Indicators

- During the last two decades first births to women in their teens and twenties have declined while first births to women ages 30–34 increased more than four-fold.
- Women make up about half of the U.S. workforce.
- More than 80 percent of women who are in the prime working ages (25–54 years of age) will be in the workforce by the year 2000.
- In 1990—for the first time in 20 years!—the Monitor Survey reported the percentage of women favoring careers over motherhood and child care dropped below fifty percent.
- More than half the student enrollment in many college business schools is now female.

Organizational Contexts: *Greater Limits*

There are now a number of things that are no longer possible or practical—at least politically. These real or perception-based restrictions influence our very being and range from environmental limits to infrastructure limits to limits in the quality of life.

The public understands that foreign materials can no longer be discharged into the air and water. People know that landfills are approaching capacity in many areas. And, people are beginning to understand that the nature of our economy and its changing workforce will not produce the same quality of life for every citizen. Opportunities for career enhancing promotions are not abundant, and automatic wage improvements will soon become a footnote in economic history.

There are also more limits being placed on decision-makers by various regulatory agencies and increases in the number of citizen-led ballot initiatives designed to restrict policy makers.

Greater limits are producing greater costs in relation to workforce training, capital equipment purchases, monitoring compliance with new rules, public relations, and litigation. There should be concern over whether greater limits will stifle the leadership process itself.

Related Indicators

- The average male high school dropout got a full-time job by age 22 in 1973. Now full-time employment doesn't become a reality until age 26.
- During 1992, 34 states implemented significant reductions in their general fund budgets.
- Resource limitations are increasing the creation of (and value of) coalitions, partnerships and networks.
- *Business Week* reports that corporations ". . . survived the intense international competition of the 1980s by massive cost-cutting and layoffs. New strategies will be needed during the 1990s.

Organizational Contexts: *Organizational Faddism*

Organizations tend to make direct adoptions of methods and techniques used by others or advocated by researchers, authors or training consultants. On occasion, these direct adoptions are made long after the techniques in question have produced less-than-favorable results.

Public attitudes, media criticism and natural tendencies to try new approaches all fuel such direct adoptions. In the private sector, examples of direct adoption are evident in areas such as long-range planning, management by objectives, one-minute managing, quality circles, strategic planning, and total quality management. The 1990s began with managers flocking to seminars advocating adoption of Total Quality Management (TQM) and techniques developed by W. Edwards Deming. But now the business literature is beginning to talk about the pitfalls of TQM and carry reports of heretofore committed companies jumping ship. Nonetheless, the next fads are already on the horizon. They relate to zero defects, the behaviors of the successful, and networked or "virtual" anythings.

In all this there is evidence of America's continuing pursuit of the quick-fix. Any technique which provides a simple checklist of easy to implement linear steps finds immediate favor and a host of disciples.

Hopping on the latest fad reduces the need for creative thinking in organizations. It also tends to diminish the response to internal proposals for change. The challenge to leaders is to separate fads from the new foundations for progress—an action that becomes even more important in an environment of limited resources.

Related Indicators

- Management consulting is one of the decade's fastest growing businesses.
- Experienced strategic planners say the most difficult part of the planning process is getting people to understand that it is a process. The tendency is to develop plans and put them on the shelf. Then people put an X in the planning box and move on to the next task.
- Joseph Coates says there is "simple difficulty [in] defining the big steps necessary for bringing about the desired changes in a complex situation." Management fads provide refuge and comfort in a world characterized by increasing complexity and more diverse stakeholders.

Organizational Contexts: *Looking for Leaders*

Management guru Peter Drucker says that the principal role of leaders managing in turbulent times includes:

- assuring the organization's capacity for survival
- making sure the organization has structural strength and soundness
- increasing the organization's capacity to survive a blow, adapt to sudden change, and avail itself of new opportunities.

However, there is a disparity between the magnitude of these responsibilities and the number of leaders available to take them on. And, as society looks for leaders, the heirs apparent aren't readily apparent.

It may be, as author Warren Bennis implies, that there is no one to lead the pursuit of better tomorrows because ". . . those with the power generally have no knowledge, and those with the knowledge have no power."

Robert Kelley would tend to agree. In *The Power of Followership*, he says followers have been largely ignored. These people are the real factor in 80 to 90 percent of the success of any project because "they know how to lead themselves."

Radical change requires leaders at all organizational and societal levels, yet there is a scarcity of viable leadership development programming. In addition, it seems that the rewards for those who have chosen to lead are diminishing.

Related Indicators

- Research equating leadership ability with varied experiences over time may not hold in a period of radical change. Radical change can quickly take one beyond tested experience and knowledge.
- Inability to think strategically is a fatal flaw of leaders. McCall and Lombardo say people simply can't go from being doers to being planners.
- References to "the leadership crisis" are plentiful. Jacob Bronowski's definition of the leadership process may explain why: "We have to understand that the world can only be grasped by action, not by contemplation . . . . The most powerful drive in the ascent of man is his pleasure in his own skill. He loves to do what he does well and, having done it well, he loves to do it better."

World Affairs: *Globalization*

New coalitions are being formed, new economic entities are being defined, and new political alliances are changing history books dramatically. Indeed, the power to create change is becoming a global possession.

United Way's trend tracking system reports that products, capital, technology, information and ideas will have a common audience. As this happens, consumer tastes and ideas will become more global.

It will become more difficult to "Buy American" . . . or to "Buy German" or "Buy Japanese." No longer will the white nations bordering the Atlantic dominate the world's economic and political events. No longer will different civilizations be able to live side by side without having a cross-cultural effect on one another.

The primary impact of globalization will be new standards . . . for education, service, timeliness, productivity and more. Indeed, the global economy will define the power of nations, determine the nature of work and the quality of life . . . everywhere.

Related Indicators

- The European Economic Community, the North American Trade Alliance, and the emergence of the Pacific Basin as a world economic power have redefined the world's financial markets.
- Events in Eastern Europe and the Soviet Union during the early 1990s changed the world's political agenda.
- Cultural integration is beginning to shape social, economic and educational agendas.
- By the year 2000, the U.S. will produce only 20 percent of the world's gross national product and U.S. stocks will represent less than 25 percent of the world's market capital.

TOWARD A NEW MODEL FOR THINKING AND PLANNING

Change isn't the challenge. The challenge is doing something about change.

One of the problems we face as we try to do something about change is that we become thing-oriented. We do this thing and that thing in the hope that something will change and everything will get better.

But accommodating the emerging context requires us to understand that systems, the people in them, and the *relationships* between them are key components of radical change. Accommodating radical change requires that the people in the system—our organizations and institutions—become part of a process which enables them to conceive and implement a plan.

Logic dictates that there will be some new dimensions to planning in this period of radical change. Following World War II most planning was internal in its focus. Organizations looked at themselves—their products, people, financial resources, and markets—and decided the course of action to pursue. It was our country's unique economic position which enabled this inside focus to work. There was pent-up consumer demand, and the productive capacity of most of the rest of the industrial world had been either seriously damaged or completely destroyed during the war. Hence, the only constraints on organizational action seemed to be those which organizations placed on themselves.

Planning, however, can no longer be an internally focused process. The unique conditions which enabled this approach to work in the past have largely disappeared. Today planning which is internally focused may, in fact, lead to strategic paralysis. Here's why:

When things were more stable, models for *long-range* planning worked well. They were designed to ultimately benefit organizational shareholders, and specified how an institution planned to maintain marketplace position. These internally driven plans focused on goals and charted a linear course toward the future. They were typically one dimensional, ignored the external environment, and emphasized getting bigger with little regard for getting better.

By the 1960s, however, things began to change. Other nations had rebuilt their productive capacity and were bringing products to the American market. And at home, the post-war baby boom came to an end and the regulatory practices of governmental agencies began to escalate. In short, during the 1960s forces external to organizations began applying the brakes to an era of organizational self-determination.

The growing impact of external forces such as competition, demographics, and regulations dictated changes in the planning process. No longer could an organization determine direction and develop plans on the basis of internal assessments alone. Now both internal and external conditions needed to be simultaneously assessed in order to develop effective plans. The technique which accommodated this need came to be known as *strategic planning*.

Strategic planning moved organizations to the next plateau. This planning concept expanded the definition of beneficiary to include all stakeholders, and focused on forces internal *and* external to the organization. Strategic planning was more action oriented than long-range planning, and helped organizations to better align with their markets.

Strategic planning also helped shift business into a better awareness of the changing marketplace. This, in turn, led to better anticipation of external forces which had potential for impacting the organization. And both the alignment with markets and the anticipation of external forces often "uncovered" more business opportunities.

The strategic planning models most frequently used today begin with statements of mission which imply organizational direction and purpose. Simultaneous assessments of internal and external conditions follow these guiding statements.

Internally, the organization assesses its major strengths and weaknesses. Externally, it scans the environment for opportunities and threats. An evaluation of these factors and their interrelationships yields a set of strategic options from which a final set of organizational initiatives can be established.

Although the benefits of strategic planning are readily apparent, there is mounting evidence that even this approach is beginning to fall short of expectations.

Noted management guru Peter Drucker believes that "uncertainty—in the economy, society, politics—has become so great as to render futile, if not counterproductive, the kind of planning most companies still practice: forecasting based on probabilities."

Drucker's comments echo those of many corporate chief executives. A Harbridge House survey of corporate CEOs indicates that a key challenge is to keep strategic plans flexible as they're implemented.

The Harbridge House study reported that four of every five executives surveyed said "increasing flexibility to respond to unforeseen developments" was an important organizational priority. Eighty percent of the respondents cited a need for "better implementation planning" while 71 percent wanted more "built-in flexibility for future conditions." In short, the executives indicated that "long-range thinking is important but long-range planning can be a trap."

Given our age of radical change and increasing uncertainty, it appears that the time is right for the next stage in the evolution of planning.

But just what changes are needed? Drucker, with his usual simplicity and clarity, says organizations must stop asking "What is most likely to happen?" and start asking "What has already happened that will create the future?"

Management consultant Ian Wilson suggests that to remain effective, strategic planning processes must become more:

- holistic, encompassing and integrating more elements
- issues oriented
- qualitative (driven by ideas rather than numbers)
- choice-oriented in its selection of strategy
- simultaneously top-down and bottom-up
- people (culture)-oriented
- visionary, in a pragmatic sense

Management theorist Peter Vaill echoes Drucker and Wilson. He believes traditional planning systems are becoming outmoded because the context surrounding a situation will not remain stable long enough to make a planned course of action feasible. Vaill argues that rules and policies can only be temporary and ad hoc—not the timeless guideposts that they were in the past.

Predictable Shifts in the Strategic Context

The uncertainty which characterizes today's business environment creates organizational uneasiness. While this appears to be an undesirable state, it has the positive effect of forcing organizations to rethink their purpose.

In a sea of uncertainty, leaders search first for things they can hang on to. These are the things that provide the platform for change. We believe there are five predictable shifts occurring in the strategic context of most organizations which can be defined with relative certainly.

1. **Factors external to the organization are becoming the dominant drivers of fundamental change.** A cursory glance at newspaper headlines or the nightly news produces a list of external factors and decisions which have potential for impacting an organization. Court decisions, legislative actions, the introduction of new technology, global politics—all are forces typically external to our organizations, yet all routinely affect the way we do business. The interrelationships and interdependencies they produce are characteristics of a system. Organizations have two basic choices: function with respect to the system or be in jeopardy.

2. **Public opinion is having an increasing impact on organizational success.** The environment in which organizations function is characterized by more change and less predictability. As this phenomenon continues to become the norm, increasingly organizations will be judged in the court of public opinion. Perhaps more than any other factor, public opinion drives the need for a new planning approach—strategic *processing*. The reason is simple: advanced communication technologies can reinforce or alter public opinion in minutes. Without an effective monitoring system in place, organizations can find themselves working contrary to the wishes of this ultimate court. Nothing can succeed for long

without the sanction of public opinion. That's why effective organizations continually monitor and process it.

3. **Quality and effectiveness are replacing quantity and efficiency as the primary measures of organizational performance.** There is more and better competition in the marketplace, and less consumer loyalty. The primary goal today is to be good and get better. That's one reason—across the board—business leaders are concerned about the educational levels of the workforce and the capability of employees to effectively use new technologies in the execution of their jobs. Significant efforts are being made to involve employees in job-related decisions, to build a sense of common mission between the organization and the employee, to emphasize teams, and to put a premium on thinking. The rationale for this focus is easy to understand: Wise leaders know that there can't be quality products or effective practices without quality workers. They understand that the quality of their employees is their competitive edge and, in the global marketplace, the key to keeping their customers.

4. **Employee attitudes will become more critical to organizational potential.** Organizations will have to help employees appreciate the vision and mission of the organization, and they will have to create a process which allows employees to participate in decisions which affect their destiny. In short, as employees get harder to hire (and fire), effective organizations will work to build employee ownership in the well-being of the organization. They will also invest energy in raising the agenda and broadening the focus of employees in an effort to help them be realistic advocates of productive change. Creating the forums and techniques for fashioning this type of involvement and commitment-building will be a particularly difficult assignment given that permanence is not fostered by radical change. Both employees and employers are coming to understand that they will need one another for shorter periods of time—that people will spend less time in their careers and jobs and less of their lives committed to one another.

5. **Organizational constituencies are becoming larger in number and more heterogeneous in composition.** United Way's issue identification program points to the "mosaic society" as one of the change drivers of the 1990s. As America's people continue to subdivide into smaller clusters, demands for responsive programs and services are likely to escalate. This new mosaic society will also force more organizations to engage in highly targeted niche marketing. As organizations adapt to these target niches, they will become increasingly diverse. As a result, their peer organizations will become fewer in number and they will be forced to "go it alone" more often.

Moving from Product Orientation to Process Orientation

Few people are aware that the Apollo missions to the moon were off course ninety-nine percent of the time. Astronauts and computers monitored guidance system data and made continuing adjustments to accommodate factors which caused deviations in

the flight path. These corrections enabled the spacecraft to reach their lunar destinations.

Similarly, airplane pilots file rather detailed flight plans prior to takeoff. These plans indicate the destination, compass headings, altitude and other relevant information. Flight plans are developed with full consideration for the aircraft's performance capabilities (internal forces) and the environment (external forces) along the route of flight.

But regardless of the level of detail in preflight planning, once airborne the original plan is almost always modified to accommodate actual conditions identified by the pilot and on-board "guidance systems."

Organizations now have to function in similar fashion. To reach their destination and fulfill their mission, they have to continually process data and make adjustments in the organization's "flight plan." No longer is a plan something to be constructed and revisited occasionally. No longer can organizations consider the planning task completed, check off a box on some form, and move to the next assignment. No longer does the planning process end.

What is true for pilots is also true for organizational leaders: in today's turbulent and ever-changing environment, arriving at a predetermined destination (vision!) is unlikely unless frequent midcourse corrections are made.

In addition to the need for continuing adjustment, there is yet another force which influences the nature of organizational planning. This force relates to an organization's position in its "life cycle."

Organizational (and product) life cycle theory suggests that as they evolve, organizations pass through a series of readily identifiable phases or life cycle stages. Each phase is accompanied by a different set of organizational characteristics, practices and needs.

Management scientists generally agree on four life cycle stages: birth, growth, maturity, and decline. Some say there is another stage called renewal which follows maturity and postpones decline.

During each life cycle stage organizational viability is pursued through different "foundation strategies," as follows:

Life Cycle Phase	Foundation Strategies
Birth	Acceptance and recognition
Growth	Accommodating demand
Maturity	Continuous improvement and adaptation
Decline	Redefinition and restructuring

Note that movement through the life cycle stages is determine by both the passage of time *and* by changes in the overall rate of growth or business volume.

Even a cursory analysis of American enterprise indicates that a majority of organizations are either at the cusp of or solidly within the maturity stage of their life cycle. As a result, these organizations face two imperatives: they must determine how to assure continuous improvement in quality, climate, and overall performance; and, they must continuously adapt to changes in the external environment. The continuous nature of these foundation strategies can only be achieved with a process model.

While the differences between the old product- or thing-orientation and the new process orientation may appear subtle, the results can be as dissimilar as paralysis and progress. Therefore, in order to accommodate the trends which are described in *The Emerging Context for Life in America*, the shifts taking place in the strategic organizational context, and the foundation strategies of mature organizations, the classical approach to strategic planning needs to be enhanced in the following ways:

1. **The planning model needs to emphasize process over product.** Most planners still view planning as a terminal, product-oriented task. Processing connotes adaptability and the continuous reassessment of organizational direction. In effect, processing becomes to an organization what a guidance system is to an airplane. It monitors internal operating conditions, scans for turbulence in the environment, and signals the need for midcourse corrections. It can also provide assurance that things are on course and going well.

2. **Organizations must develop a clear sense of purpose by understanding their relationship to the larger social system.** Further, this purpose must be closely aligned with the public interest. The greater the degree of alignment between public interest and organizational purpose, the more successful the organization will be in garnering the resources required to pursue its mission and vision.

3. **Organizations must devote greater effort to measuring their effectiveness and improving quality.** Once an organization has reached a clear understanding of its purpose and has instilled in its stakeholders a vision of how that purpose can be achieved, it must have a reality test. It must be able to quantitatively answer whether its performance matches its purpose and whether that purpose is addressing some public need. The more closely the organization emulates the characteristics common to high performing systems, the greater the likelihood it will be able to continuously improve quality and capitalize on radical change.

4. **Employee attitudes must be monitored systematically and objectively.** Organizational climate is an aggregate of employee attitudes, and it can be assessed by researchers who measure factors such as communication, satisfaction, cooperation, decision-making, trust, leadership, and collaboration. By acting on the findings of such assessments and monitoring improvements, leaders can foster the employee commitment and enthusiasm which is central to capturing any organization's potential for high performance.

5. **To more accurately determine the external forces triggering the need for change, organizations must strengthen their ability to scan both the "local" and "global" environments.** The reason, of course, is to identify potential opportunities and threats as early and as accurately as possible.

To address this assignment, strategic thinkers need to develop a way to categorize information. The recurring themes which appear in the works of numerous authors provide a framework for environmental scanning and the categorization of information. We recommend that organizations utilize the nine *Future Scan* categories cited in *The Emerging Context* section as an initial framework.

Future Scan Categories

Demographics	• vital human statistics
Economics	• the workplace, the workforce, competition, and the exchange of value
Politics	• public policy; legal, regulatory, and judicial actions; publicly held positions
Social Values and Lifestyles	• the beliefs and behaviors of people
Technology	• advances and discoveries which impact individual and group lifestyles
Education	• society's efforts to produce an enlightened citizenry
Public Opinion	• commonly held perceptions and understandings
Organizations	• purposeful human assemblies; leadership, followership, and performance
World Affairs	• actions and interrelationships of nations and cultures

With such a system in place organizations can manage information, identify trends, anticipate and seize opportunities, and develop proactive responses to emerging issues.

6. **The environmental scan must be designed so as to reflect the expectations of multiple and diverse constituencies.** When assessing needs, organizations must be sure to include everyone's needs. That does not mean that all needs will ultimately be addressed. On the contrary, few organizations will have the capacity in today's economic environment to be all things to all people. But the decision to address certain needs over others must be a conscious decision, one made after considering all of the competing options and opportunities.

7. **The strategic planning process must include a means to monitor and influence public opinion.** Regardless of how positive an organization's internal effectiveness indicators are, the organization will suffer if the public "sees" things differently. More than ever before, the perception is the reality.

   Effective organizations have always monitored public opinion. Now they need to take the next step and establish a formal process for issues management. They need to enter the arena in which public policy is shaped and initiate action which

has potential for creating strategic advantages for the organization. The identification and proactive accommodation of issues is now a critical component of the organizational guidance system. Quite simply, if organizations don't act to shape public policy, public policy will shape them.

8. **For mature organizations, the planning process must provide a basis for continuous improvement and continuous adaptation.** Mature organizations must continually evolve and improve if they want to avoid drifting into the more risky life cycle stage of decline. Historically, planning processes have emphasized the new, sometimes at the expense of the old. A more contemporary approach would balance innovation with improvement and replacement with adaptation. This more comprehensive view can provide an expanded list of strategic options, and will help move a mature organization to subsequent periods of renewal as opposed to decline.

Strategic Guidance: A Process-Oriented Planning Model

Our suggested strategic guidance model blends old and new concepts to accommodate the conditions of today. The model begins with a strategic vision. Vision is central to organizational effectiveness, and is the controlling element for all internal and external activity. It ultimately provides the all-important sense of organizational purpose.

Every effective organization has a vision—a future-oriented, written picture of the best that can be. Without vision an organization cannot identify its mission and direction. Only drifting and mediocrity can flourish without vision.

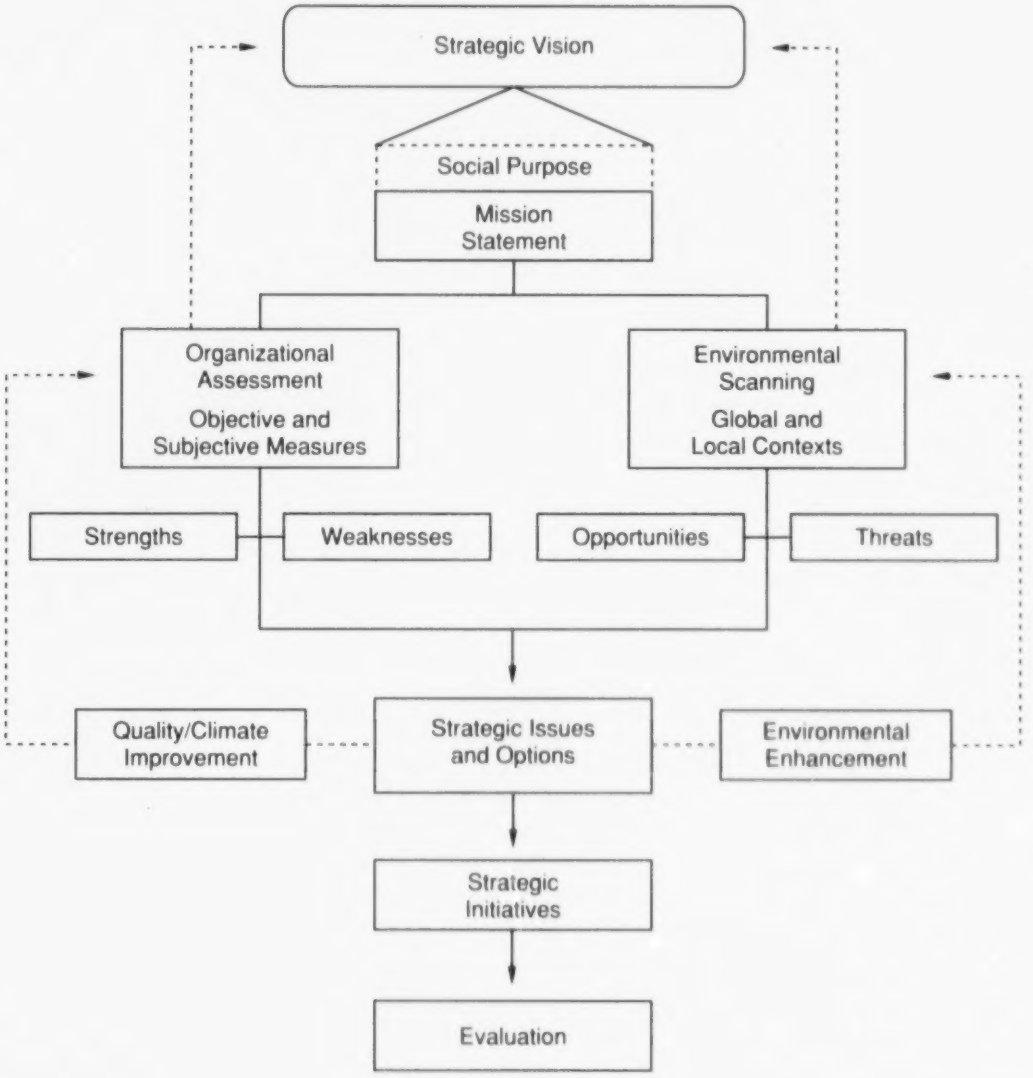
Warren Bennis and Burt Nanus believe, "Great leaders often inspire their followers to high levels of achievement by showing how their work contributes to worthwhile ends. It is an emotional appeal to some of the most fundamental human needs—the need to be important, to make a difference, to feel useful, to be a part of a successful and worthwhile enterprise." There are four steps to this high level of achievement:

1. Leaders must assess the organization's condition in relation to environmental factors, trends, and the beliefs of opinion leaders. This analysis provides the background necessary to help assure that the vision is both appropriate and realistic.
2. Effective visioning requires a climate of openness, trust, and mutual respect within the organization. Employees must understand the need for change, believe in the integrity of the change process, and lend their support to creative approaches which are characterized by an action bias.
3. Employees and individuals influential to the organization must have an opportunity to participate in the visioning process. In addition, they must receive and have an opportunity to evaluate the information which established the need for and the content of the vision. And, they must understand who will play what role in pursuit of the vision.
4. The visioning process must yield a tangible product that is simultaneously

symbolic and useful. Effective vision statements help members of the organization focus on the daily routine while pursuing a higher agenda.

The graphic presentation of the strategic guidance model, which appears below, indicates that everything begins with the formation of a strategic vision. The vision must set forth and clarify the fundamental social purpose of the organization. That purpose, in turn, is re-expressed in the form of a specific mission statement. From this central point, the strategic guidance model splits into simultaneous internal and external assessment components.

Strategic Guidance Model



Questions of quality, employee attitudes (climate), and overall performance are addressed on the Organizational Assessment (internal) side of the model. The assessment process should include subjective measures, such as individual perceptions, as well as more objective indicators of actual performance. The goals associated with this side of the model include creating an ongoing process for assessing organizational effectiveness, identifying the specific strengths and weaknesses of the enterprise, assessing organizational climate, and facilitating the foundation strategy of continuous improvement.

Questions of contextual change, public opinion, and programmatic need are addressed on the Environmental Scanning (external) side of the model. The environmental scans should include indicators of momentum in both the global and local operating contexts, since both can trigger the need for change in organizational strategy. The environmental scan must also be designed to reflect the needs of diverse constituencies. The goals associated with this side of the model include creating a process which automatically signals the need to adjust programmatic mix, identifying specific opportunities and threats to the organization, monitoring and influencing public opinion, and facilitating the foundation strategy of continuous adaptation.

Careful analysis and comparison of organizational strengths and weaknesses with environmental opportunities and threats will generate a series of strategic issues and options. "Strategic Options" can be defined as those alternatives which hold high potential for organizational advancement and can be initiated relatively quickly. They are usually characterized by an immediate match between an environmental opportunity and an organizational strength. Decision-making is generally limited to questions of whether and/or when to move ahead.

"Strategic Issues," on the other hand, are matters which warrant organizational attention, but typically come to the forefront without the benefit of a clear strategy or direction. In fact, strategic issues will likely be surrounded by widely differing opinions as to their relevancy and intensity, and, most frequently, by disagreement as to the appropriate actions to be taken. Unlike the more immediately apparent choices associated with strategic options, the responses to strategic issues must generally be developed through dialogue and consensus among key stakeholders. During times of radical change, the Strategic Guidance Model will likely generate far more strategic issues than opportunities.

Once a strategic issue or option has been identified, three alternative actions can be taken: launch a strategic initiative, strengthen the organization through a process of quality/climate improvement, and/or improve the external operating context through a process for environmental enhancement. Regardless of the strategy selected, a front-end commitment to evaluation of the decision must be made.

Finally, the information and feedback produced on both sides of the model should ultimately lead to a refined vision for the organization. The refinements in that vision will provide the basis for organizational renewal, and will launch a subsequent wave of process activity through the model.

Looked at in its entirety, then, the proposed Strategic Guidance Model is actually a system consisting of five major sub-processes:

A **Strategic Visioning Process** which produces a realistic, attractive and future-oriented picture for the organization, and clearly articulates the social purposes for which the organization exists and the specific mission which the organization intends to fulfill.

An **Organizational Assessment Process** designed to determine the organization's overall performance by assessing objective and subjective indicators of strength and weakness in levels of quality, effectiveness, and human resource climate.

An **Environmental Scanning Process** designed to suggest the optimum programmatic mix by monitoring changes in both the local and global operating contexts and to identify as early as possible any opportunities or threats to the organization.

A **Quality/Climate Improvement Process** intended to facilitate the foundation strategy of continuous improvement, to rectify any identified weaknesses, and to enhance the organization's ability capitalize on environmental opportunities.

An **Environmental Enhancement Process** intended to minimize external threats to the organization, to showcase the inherent strengths of the enterprise, and to facilitate the foundation strategy of continuous adaptation.

While traditional long-range and strategic planning models provided organizational direction, both were designed to end with a product—the plan. Once the product had been developed, the process typically stopped. But in an age which is characterized by radical change, the emphasis must shift to the process—planning and thinking strategically. To effectively manage in an age of uncertainty, the process can never stop.

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14500 E. 12 Mile Road
Warren, MI 48093-3896